



MANUAL

SECTION I

GENERAL RULES

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS AND NON-PHYSICIAN HEALTH CARE PROVIDERS

I. APPLICATION OF MANUAL

This manual specifies rules, rates, premiums, classifications and territories for the purpose of providing professional liability coverage to the physicians, surgeons, their professional associations and employed health care providers.

II. APPLICATION OF GENERAL RULES

These rules apply to all sections of this manual. Any exceptions to these rules are contained in the respective section, with reference thereto.

All other rules, rates and rating plans filed on behalf of the Company and not in conflict with these pages shall continue to apply.

III. POLICY TERM

Policies will be written for a term of one year, and renewed annually thereafter, but the policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year under a short term policy period.

IV. LOCATION OF PRACTICE

The rates as shown in this manual contemplate the exposure as being derived from professional practice or activities within a single rating territory. However, should an insured practice in more than one rating territory and/or state, the following rule shall apply. If 10% or less of an insured's practice is in a higher rated territory, we use the lower rated territory. If more than 10% of an insured's practice is in a higher rated territory, we use the higher rated territory.

V. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rules, rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.

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- B. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

VI. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

VII. WHOLE DOLLAR RULE

In the event the application of any rating procedure applicable in accordance with this manual produces a result that is not a whole dollar, each rate and premium shall be adjusted as follows:

- A. any amount involving \$.50 or over shall be rounded up to the next highest whole dollar amount; and
- B. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

VIII. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

IX. RETURN PREMIUM FOR MID-TERM CHANGES

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata when any coverage or exposure is deleted or an amount of insurance is reduced.
- C. Retain the Policy Minimum Premium.

X. POLICY CANCELLATIONS

- A. Compute return premium pro rata using the rules, rates and rating plans in effect at the inception of this policy period when:
 - 1. A policy is canceled at the Company's request,
 - 2. the insured no longer has a financial and an insurable interest in the property or operation that is the subject of the insurance; or
- B. If cancellation is for any other reason than stated in A. above, compute the return premium on a standard short rate basis for the one-year period.

- C. Retain the Policy Minimum Premium when the insured requests cancellation except when coverage is canceled as of the inception date.

XI. POLICY MINIMUM PREMIUM

1. The applicable minimum premium is determined by the type of health care provider shown on the appropriate Rate Pages.
2. Minimum Premiums will be combined for a policy that provides coverage for more than one type of health care provider.

XII. PREMIUM PAYMENT PLAN

The Company will offer the insured premium payment options, outlined on Page 28.

XIII. COVERAGE

Coverage is provided on a Claims-Made basis. Coverage under the policy shall be as described in the respective Insuring Agreements. The coverages will be rated under Standard Claims-Made Rates.

XIV. BASIC LIMITS OF LIABILITY

Basic Limits of Liability shall be those shown as applicable to the respective insureds.

XV. INCREASED LIMITS OF LIABILITY

Individual Limits of Liability will be modified by Increased Limits factors as applicable for the respective insureds and used to develop the applicable premium.

XVI. PRIOR ACTS COVERAGE

The policy shall be extended to provide prior acts coverage in accordance with the applicable retroactive date(s). The retroactive date can be advanced only at the request or with the written acknowledgment of the insured, subject to underwriting.

XVII. EXTENDED REPORTING PERIOD COVERAGE

The availability of Extended Reporting Period Coverage shall be governed by the terms and conditions of the policy and the following rules:

- A. The retroactive date of coverage will determine the years of prior exposure for Extended Reporting Period Coverage.
- B. The Limits of Liability may not exceed those afforded under the terminating policy, unless otherwise required by statute or regulation.
- C. The premium for the Extended Reporting Period Coverage shall be determined by applying the Extended Reporting Period Coverage rating factors shown on Page 25.
- D. Premium is fully earned and must be paid in full within 30 days of the expiration of the policy.

- E. The Reporting Period is unlimited.
- F. The Insured has 30 days after the policy is terminated to purchase the extended reporting period. The Extended Reporting Endorsement must be offered regardless of the reason for the termination.

XVIII. PREMIUM MODIFICATIONS

Schedule Rating

| | |
|-------------------------|---------|
| Physicians and Surgeons | +/- 25% |
| Healthcare Providers | +/- 25% |

Scheduled Rating is not to be used in conjunction with Loss Rating.

- END OF SECTION I-

SECTION II

MANUAL PAGES FOR CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

I. APPLICATION OF MANUAL

- A. This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for the following Health Care Entities:
 - 1. Professional Corporations, Partnerships and Associations
- B. For the purpose of these rules, an entity consists of physicians, dentists and/or allied health care providers rendering patient care who:
 - 1. Are comprised of 2 or more physicians;
 - 2. Are organized as a legal entity;
 - 3. Maintain common facilities (including multiple locations) and support personnel; and
 - 4. Maintain medical/dental records of patients of the group as a historical record of patient care.

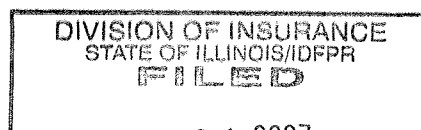
II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

- A. Claims-Made Coverage
 - \$1,000,000 Per Claim
 - \$3,000,000 Aggregate

III. PREMIUM COMPUTATION

- A. The premium for professional corporations, partnerships and associations shall be computed in the following manner:
 - 1. The premium will be based on the number of years that the retroactive date (if claims made) of the partnership or professional corporation coverage precedes the policy inception date. At this maturity level, the premium will equal the product of the sum of the individual manual rates of the partners, shareholders and employed/contracted physicians/dentists/allied health care providers, insured by the Company, at the limits selected for the partnership or corporation times the partnership/corporation rating factor indicated under B1 on page 7.



2. Irrespective of the number of individuals, the maximum premium will be based on the five highest rated classifications, subject to any applicable modifications. However, for groups of 10 or more physicians, the Company may base the maximum premium on the sum of the shareholders' rated classifications.
 3. Limits of coverage for the partnership or corporation may not exceed the lowest limits of coverage of any of the insured partners, shareholders or employed physicians/contracted physicians/dentists/allied health care providers, unless unique circumstances are identified and underwriting guidelines are met. These limits of coverage are shared, unless otherwise specified by endorsement.
- B. A professional corporation or association may be made an additional insured on a solo provider's individual policy at no additional charge, subject to underwriting guidelines. This addition will not operate to provide additional limits of liability per health care occurrence or annual aggregate beyond the stated limits of the individual policy, unless otherwise required by statute.

IV. CLASSIFICATIONS

A. Corporations, Partnerships and Associations

1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Not otherwise identified as a Miscellaneous Entity.

B. Miscellaneous Entities

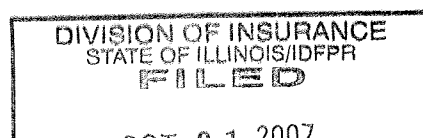
1. As defined by state statutes and formed for the purpose of rendering specified medical/dental professional services.
2. Including the following types of entities:
 - a. Urgent Care Center
 - b. Surgi Center
 - c. MRI Center
 - d. Renal Dialysis Center
 - e. Peritoneal Dialysis Center

V. PREMIUM MODIFICATIONS

The following premium modifications are applicable to all filed programs.

A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company,



uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a risk may be modified in accordance with a maximum modification indicated under D1 on this page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule-rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 27.

B. Manual Rates

1. Corporations, Partnerships & Associations Rating Factors

As referenced in III.A.1 on Page 5:

20% - Separate Corporate Limits

10% - Shared Corporate Limits

2. Miscellaneous Entities

Not eligible under this Filing.

C. Policy Writing Minimum Premium

The applicable minimum premium is based upon the policy issued to the physicians and surgeons. Only one minimum premium applies of \$1250.

D. Premium Modifications

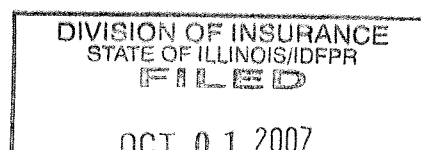
1. Schedule Rating—Partnerships & Corporations

| | |
|-----------------------|---------|
| Physician & Surgeons | +/- 25% |
| Health Care Providers | +/- 25% |

Schedule Rating is not to be used in conjunction with Loss Rating.

2. Self-Insured Retention Credits - See Section III.V.B

- END OF SECTION II-



SECTION III

MANUAL PAGES FOR PROFESSIONAL LIABILITY COVERAGE FOR PHYSICIANS, SURGEONS, AND NON-PHYSICIAN HEALTHCARE PROVIDERS

I. APPLICATION OF MANUAL

This section provides rules, rates, premiums, classifications and territories for the purpose of providing Professional Liability for Physicians/Surgeons and employed or associated non-physician health care providers.

II. BASIC LIMITS OF LIABILITY

Basic Limits of Liability for Professional Liability Coverage under this program shall be as follows, unless otherwise modified by statute:

Claims-Made Coverage

\$1,000,000 Per Claim

\$3,000,000 Aggregate

III. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician, surgeon or non-physician health care provider shown on Page 21, in accordance with each individual's medical classification and class plan designation.

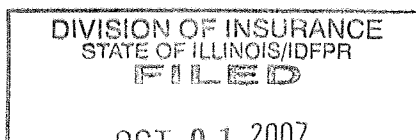
IV. CLASSIFICATIONS

A. Physicians/Surgeons and Non Physician Health Care Providers

1. Each medical practitioner is assigned a Rate Class according to his/her specialty. When more than one classification is applicable, the highest rate classification shall apply.
2. The Rate Classes are found on Pages 14-19 of this Manual.

B. Part Time Physicians

1. A physician who is determined to be working 20 hours or less a week may be considered a part time practitioner and may be eligible for a reduction in the otherwise applicable rate for that specialty. The criteria and commensurate credit for a part time practitioner are identified in Section III of this Manual.



2. A Part Time Practitioner may include any practitioner in classes 1 through 3 only, except for Anesthesia and Emergency Medicine as identified in the class plan. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.
3. The part time credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

C. Physicians in Training

1. Following graduation from medical school, a physician may elect to enter additional training periods. For rating purposes, they are defined as follows:
 - a. First Year Resident (or Intern) - 1 year period immediately following graduation. During this period a physician may or may not be licensed, depending upon state requirements.
 - b. Resident - various lengths of time depending upon medical specialty; 3 years average. Following first year residency, generally licensed M.D. Upon completion of residency program, physician becomes board eligible.
 - c. Fellow - Follows completion of residency and is a higher level of training.
2. Coverage is available for activities directly related to a physician's training program. The coverage will not apply to any professional services rendered after the training is complete.
 - a. Interns, Residents and Fellows are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for activities directly related to an accredited training program. The applicable credit is stated on Page 26.
3. The credit is not applied to the Extended Reporting Period Coverage.
4. No other credits are to apply concurrent with this rule.

D. Locum Tenens Physician

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.

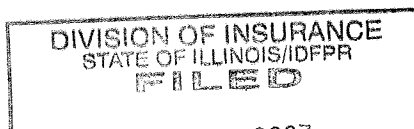
2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Limits will be shared between the insured physician and the physician substituting for him/her and will be endorsed onto the policy.

E. New Physician

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
 - a. Residency;
 - b. Fellowship program in their medical specialty
 - c. Fulfillment of a military obligation in remuneration for medical school tuition;
 - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown on Page 26. No other credits are to apply concurrent with this rule.

F. Physician Teaching Specialists

1. Coverage is available for faculty members of an accredited training program. The coverage will not apply to any professional services rendered in the insured's private practice.
 - a. Faculty members are eligible for a reduction in the otherwise applicable physician rate for coverage valid only for teaching activities related to an accredited training program. Refer to L.5 on page 26 to determine the applicable credit.
2. Coverage is available for the private practice of a physician teaching specialist. The coverage will not apply to any aspect of the insured's teaching activities.
 - a. The premium will be based upon the otherwise applicable physician rate and the average number of hours per week devoted to teaching activities.
 - b. The hours reported to the Company for rating purposes are subject to audit, at the Company's discretion.



c. No other credits are to apply concurrent with this rule.

d. The applicable percentages are presented on Page 26.

G. Physician's Leave of Absence

1. A physician who becomes disabled from the practice of medicine, or is on leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. The credit to be applied to the applicable rate is presented on Page 26.

V. **PREMIUM MODIFICATIONS**

The following premium modifications are applicable to all filed programs.

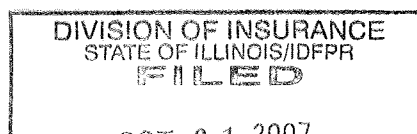
A. Schedule Rating

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a risk may be modified in accordance with a maximum modification indicated on Page 27, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the specific considerations identified on Page 27.

B. Risk Management

1% credit will apply for each Company approved CME hour of risk management completed, up to a maximum of 5% credit per year, or attendance at a Company approved seminar.



C. Self-Insured Retention Credits

1. Self-Insured Retentions

- a. SIR'S shall be offered to qualified insureds, provided the account generates \$250,000 or more of manual premium. The eligibility threshold shall be 5 physicians in a medical group. The actual experience of the account will be analyzed and the appropriate credit determined. The items considered in the determination of the applicable credit are: the historical paid frequency; historical paid severity; historical incurred severity; the historical allocated loss adjustment expenses as a percent of indemnity; the processing; acquisition and other expenses associated with the account; the variability of results; the credibility of the experience; the selected deductible annual aggregate; and the loss elimination ratio from the lognormal distribution. The table of SIR's and credits is below:

| Per Claim Self Insured Retention | Credit As a % of 1M/3M Premium |
|----------------------------------|--------------------------------|
| \$100,000 | 12% |
| 200,000 | 20% |
| 250,000 | 22% |
| 500,000 | 35% |
| 1,000,000 | 43% |

- b. SIR's shall be funded at the discretion of the Company, including vehicles such as irrevocable Letters of Credit, Cash or equivalent, or escrow accounts.
- c. The SIR's shall apply to the indemnity and allocated loss expense portion of each loss unless otherwise modified by statute.
- d. SIR's can only be revised at policy renewal.
- e. The SIR credits shall apply to the primary limit premium, net of other applicable credits.
- i. The credits are expressed as a function of the Per Claim limit of liability or per insured and aggregate SIR limit.

- ii. The insured may be eligible for an aggregate limit in accordance with underwriting guidelines.
- iii. The maximum premium credit is limited to 75% of the aggregate SIR limit.

D. Experience Rating

Experience Rating is under review. It is currently not available.

D. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit, based upon the number of years the Insured has been claim free. A schedule is provided on Page 26 under M.

VI. MODIFIED PREMIUM COMPUTATION

A. Slot Rating

- 1. Coverage for group practices is available, at the Company's discretion, on a slot basis rather than on an individual physician basis. The slot endorsement will identify the individuals and practice settings that are covered. Coverage will be provided on a shared limit basis for those insureds moving through the slot or position.
- 2. The applicable manual rate will be determined by the classification of the slot. Policies rated as a Standard Claims Made policy will utilize the retroactive date of the slot. Extended Reporting Period Coverage may be purchased for the slot based on the applicable retroactive date, classification and limits.
- 3. Premium modifications for new physician, part time, moonlighting, teaching, risk management or loss free credit may not be used in conjunction with this rating rule, unless approved by the Underwriting Vice President.

B. Requirements for Waiver of Premium for Extended Reporting Period Coverage.

- 1. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be returned and Extended Reporting Period Coverage will be granted for no additional charge, subject to policy provisions.

2. Upon termination of coverage under this policy by reason of total disability from the practice of medicine or at or after age 55, permanent retirement by the insured after five consecutive claims made years with the Company, Extended Reporting Period Coverage will be granted for no additional charge subject to policy provisions.
3. The Reporting Period is unlimited.

C. Blending Rates

A blended rate may be computed when a physician discontinues, reduces or increases his specialty or classification, and now practices in a different specialty or classification. For example, if an OB/GYN discontinues obstetrics, but continues to practice gynecology, his new blended rate will be the sum of the indicated OB/GYN and GYN rates, each weighted, at inception of the change, by 75% and 25%, respectively. The second and third year weights will be modified by 25%, descending and ascending respectively, until the full GYN rate is achieved at the start of the fourth year.

VII. PREMIUM COMPUTATION DETAILS

A. Classifications

1. Applicable to Standard Claims-Made Programs.
2. The following classification plan shall be used to determine the appropriate rating class for each individual insured.

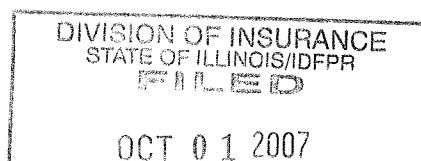
PHYSICIANS & SURGEONS

CLASS 1

Allergy/Immunology
Forensic Medicine
Occupational Medicine
Otorhinolaryngology-NMRP, NS
Physical Med. & Rehab.

Public Health & Preventative Med
Other, Specialty NOC

CLASS 2



Dermatology
Endocrinology
Geriatrics
Ophthalmology-NS
Pathology
Podiatry, No Surgery
Psychiatry
Rheumatology
Other, Specialty NOC

CLASS 3

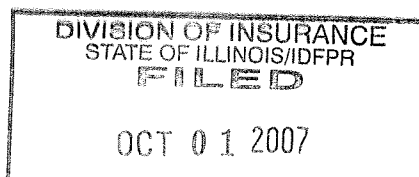
Pediatrics-NMRP
Other, Specialty NOC

CLASS 4

Diabetes
Family Practice-NMRP, NS
General Practice-NMRP, NS
General Surgery-NMRP
Hematology
Industrial Medicine
Neurosurgery-NMRP, NMajS
Nuclear Medicine
Oncology
Ophthalmic Surgery
Oral/Maxillofacial Surgery
Orthopaedics-NMRP, NS
Radiation Oncology
Thoracic Surgery-NMRP, NS
Other, Specialty NOC

CLASS 5

Cardiovascular Disease-NMRP,
NS
Infectious Disease
Nephrology-NMRP
Other, Specialty NOC



CLASS 6

Gynecology-NMRP, NS
Internal Medicine-NMRP
Certified Registered Nurse
Anesthetist
Other, Specialty NOC

CLASS 7

Anesthesiology
Nephrology-MRP
Podiatry, Surgery
Pulmonary Diseases
Radiology-NMRP
Other, Specialty NOC

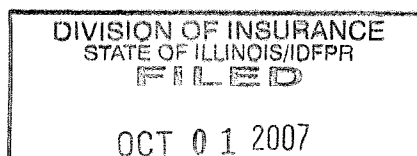
CLASS 8

Cardiac Surgery-MRP, NMajS
Cardiovascular Disease-Spec.
MRP
Gastroenterology
General Surgery-MRP, NMajS
Hand Surgery-MRP, NMajS
Internal Medicine-MRP
Neurology
Orthopaedics-MRP, NMajS

Otorhinolaryngology-MRP, NMajS
Pediatrics-MRP
Radiology-MRP
Urology-MRP, NMajS
Vascular Surgery-MRP, NMajS
Other, Specialty NOC

CLASS 9

Family Practice-MRP, NMajS
General Practice-MRP, NMajS
Other, Specialty NOC



CLASS 10

Neurosurgery-MRP, NMajS
Urological Surgery
Other, Specialty NOC

CLASS 11

Cardiovascular Disease-MRP
Colon Surgery
Emergency Medicine-NMajS,
prim
Gynecology/Obstetrics-MRP,
Nmaj
Otorhinolaryngology; No Elective
Plastic
Radiology-MajRP
Other, Specialty NOC

CLASS 12

Emergency Medicine-MajS
Family Practice-not primarily
MajS
General Practice-NMajS, prim
Gynecological Surgery
Hand Surgery
Head/Neck Surgery

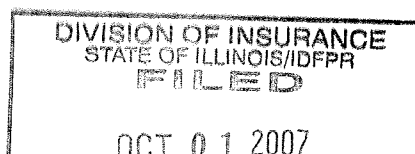
Otorhinolaryngology; Head/Neck
Other, Specialty NOC

CLASS 13

General Surgery
Certified Nurse Midwife
Other, Specialty NOC

CLASS 14

Neonatology
Otorhinolaryngology; Other Than
Head/Neck



Plastic Surgery
Other, Specialty NOC

CLASS 15

Orthopaedic Surgery s/o Spine
Other, Specialty NOC

CLASS 16

Cardiac Surgery
Thoracic Surgery
Vascular Surgery
Other, Specialty NOC

CLASS 17

Obstetrical/Gynecological
Surgery
Other, Specialty NOC

CLASS 18

Neurosurgery-No Intracranial
Surgery
Orthopaedic Surgery wSpine
Other, Specialty NOC

CLASS 19

Neurosurgery
Other, Specialty NOC

MEDICAL PROCEDURE DEFINITIONS

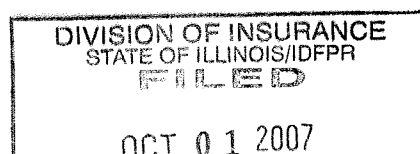
NMRP: NOMINAL MINOR RISK PROCEDURE

NS: NO SURGERY

NOC: NOT OTHERWISE CLASSIFIED

NMAJS: NO MAJOR SURGERY

Medicus Insurance Company
IL Rate Manual Final 091207 copy.doc
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MRP: MINOR RISK PROCEDURES

MAJRP: MAJOR RISK PROCEDURES

NON PHYSICIAN HEALTH CARE PROVIDERS

Class X

Fellow, Intern, Optician, Resident, Social Worker

Class Y

Optometrist, Physical Therapist, X-Ray and Lab Technicians

Class Z

Nurse Practitioner – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

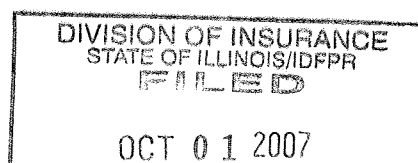
Physician Assistant – Family Medicine, Gynecology, No Obstetrics, Emergency Medicine, Urgent Care

Class 1

Psychologist

Class 2

Certified Registered Nurse Anesthetist



Class 5

Certified Nurse Midwife – No complicated OB or surgery

B. Territory Definitions

TERRITORY 1 COUNTIES

Cook, Jackson, Madison, St. Clair and Will

TERRITORY 2 COUNTIES

Lake, Vermillion

TERRITORY 3 COUNTIES

Kane, McHenry, Winnebago

TERRITORY 4 COUNTIES

DuPage, Kankakee, Macon

TERRITORY 5 COUNTIES

Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, Randolph

TERRITORY 6 COUNTIES

Grundy, Sangamon

TERRITORY 7 COUNTIES

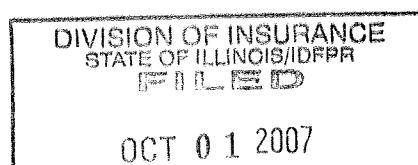
Peoria

TERRITORY 8 COUNTIES

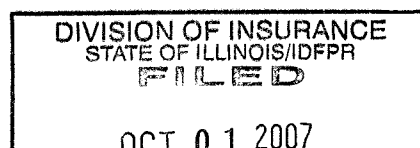
Remainder of State

C. Standard Claims Made Program Step Factors

| | |
|--------------|-----|
| First Year: | 25% |
| Second Year: | 50% |



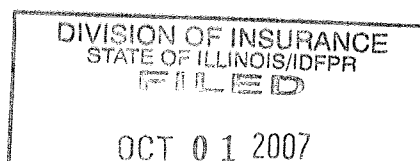
Third Year: 85%
Fourth Year (Mature): 100%



D. Mature Rates for Physicians and Surgeons (Claims-made):

\$1,000,000 / 3,000,000

| Class | Medical Specialty | Terr 1 | Terr 2 | Terr 3 | Terr 4 | Terr 5 | Terr 6 | Terr 7 | Terr 8 |
|--------------|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 | Allergy/Immunology | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Forensic Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Occupational Medicine | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Otorhinolaryngology-NMRP, NS | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Physical Med. & Rehab. | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Public Health & Preventative Med | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 1 | Other, Specialty NOC | 14,479 | 13,183 | 12,535 | 11,239 | 10,591 | 9,295 | 7,351 | 7,999 |
| 2 | Dermatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Endocrinology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Geriatrics | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Ophthalmology-NS | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Pathology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Podiatry, No Surgery | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Psychiatry | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Rheumatology | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 2 | Other, Specialty NOC | 19,339 | 17,557 | 16,668 | 14,886 | 13,993 | 12,211 | 9,540 | 10,429 |
| 3 | Pediatrics-NMRP | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |
| 3 | Other, Specialty NOC | 22,579 | 20,473 | 19,422 | 17,316 | 16,261 | 14,155 | 10,998 | 12,049 |
| 4 | Diabetes | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Family Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Practice-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | General Surgery-NMRP | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Hematology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Industrial Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Neurosurgery-NMRP, NMajS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Nuclear Medicine | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Ophthalmic Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Oral/Maxillofacial Surgery | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Orthopaedics-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Radiation Oncology | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
| 4 | Thoracic Surgery-NMRP, NS | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |



| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 4 | Other, Specialty NOC | 29,059 | 26,305 | 24,930 | 22,176 | 20,797 | 18,043 | 13,914 | 15,289 |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|

| | | | | | | | | | |
|---|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5 | Cardiovascular Disease-NMRP, NS | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Infectious Disease | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Nephrology-NMRP | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |
| 5 | Other, Specialty NOC | 30,679 | 27,763 | 26,305 | 23,389 | 21,931 | 19,015 | 14,641 | 16,099 |

| | | | | | | | | | |
|---|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 6 | Gynecology-NMRP, NS | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Internal Medicine-NMRP | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |
| 6 | Other, Specialty NOC | 33,919 | 30,679 | 29,059 | 25,819 | 24,199 | 20,959 | 16,099 | 17,719 |

| | | | | | | | | | |
|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 7 | Anesthesiology | 37,159 | 33,595 | 31,813 | 28,231 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Nephrology-MRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Podiatry, Surgery | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Pulmonary Diseases | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Radiology-NMRP | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |
| 7 | Other, Specialty NOC | 37,159 | 33,595 | 31,813 | 28,249 | 26,467 | 22,903 | 17,557 | 19,339 |

| | | | | | | | | | |
|---|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 8 | Cardiac Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Cardiovascular Disease-Spec. MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Gastroenterology | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | General Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Hand Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Internal Medicine-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Neurology | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Orthopaedics-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Otorhinolaryngology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Pediatrics-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Radiology-MRP | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Urology-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Vascular Surgery-MRP, NMajS | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |
| 8 | Other, Specialty NOC | 42,019 | 37,969 | 35,942 | 31,892 | 29,869 | 25,819 | 19,746 | 21,769 |

| | | | | | | | | | |
|---|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 9 | Family Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | General Practice-MRP, NMajS | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |
| 9 | Other, Specialty NOC | 45,259 | 40,885 | 38,696 | 34,322 | 32,137 | 27,763 | 21,204 | 23,389 |

| | | | | | | | | | |
|----|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 10 | Neurosurgery-MRP, NMajS | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
|----|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|

| | | | | | | | | | |
|----|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 10 | Urological Surgery | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |
| 10 | Other, Specialty NOC | 48,499 | 43,801 | 41,450 | 36,752 | 34,405 | 29,707 | 22,662 | 25,009 |

| | | | | | | | | | |
|----|------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 11 | Cardiovascular Disease-MRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Colon Surgery | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Emergency Medicine-NMajS, prim | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Gynecology/Obstetrics-MRP, Nmaj | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Otorhinolaryngology; No Elective Plastic | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Radiology-MajRP | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |
| 11 | Other, Specialty NOC | 53,359 | 48,175 | 45,583 | 40,399 | 37,807 | 32,623 | 24,847 | 27,439 |

| | | | | | | | | | |
|----|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 12 | Emergency Medicine-MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Family Practice-not primarily MajS | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | General Practice-NMajS, prim | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Gynecological Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Hand Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Head/Neck Surgery | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Otorhinolaryngology; Head/Neck | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |
| 12 | Other, Specialty NOC | 59,839 | 54,007 | 51,091 | 45,259 | 42,343 | 36,511 | 27,763 | 30,679 |

| | | | | | | | | | |
|----|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 13 | General Surgery | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |
| 13 | Other, Specialty NOC | 88,999 | 80,251 | 75,877 | 67,129 | 62,755 | 54,007 | 40,885 | 45,259 |

| | | | | | | | | | |
|----|-------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 14 | Neonatology | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Otorhinolaryngology; Other Than Head/Neck | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Plastic Surgery | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |
| 14 | Other, Specialty NOC | 92,239 | 83,167 | 78,631 | 69,559 | 65,023 | 55,951 | 42,343 | 46,879 |

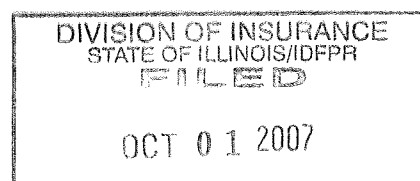
| | | | | | | | | | |
|----|-------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| 15 | Orthopaedic Surgery s/o Spine | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |
| 15 | Other, Specialty NOC | 101,956 | 91,915 | 86,893 | 76,849 | 71,827 | 61,783 | 46,717 | 51,739 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 16 | Cardiac Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Thoracic Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Vascular Surgery | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |
| 16 | Other, Specialty NOC | 118,156 | 106,492 | 100,660 | 88,999 | 83,167 | 71,503 | 54,007 | 59,839 |

| | | | | | | | | | |
|----|---------------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| 17 | Obstetrical/Gynecologic al Surgery | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |
| 17 | Other, Specialty NOC | 124,636 | 112,324 | 106,168 | 93,856 | 87,703 | 75,391 | 56,923 | 63,079 |

| | | | | | | | | | |
|----|-----------------------------------------|---------|---------|---------|---------|--------|--------|--------|--------|
| 18 | Neurosurgery-No Intracranial Surgery | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Orthopaedic Surgery wSpine | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |
| 18 | Other, Specialty NOC | 134,356 | 121,072 | 114,430 | 101,146 | 94,504 | 81,223 | 61,297 | 67,939 |

| | | | | | | | | | |
|----|----------------------|---------|---------|---------|---------|---------|---------|--------|---------|
| 19 | Neurosurgery | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |
| 19 | Other, Specialty NOC | 205,636 | 185,224 | 175,018 | 154,606 | 135,400 | 123,988 | 93,373 | 103,576 |



E. Mature Rates for non Physician Health Care Providers

Class X equals 10% of the Class 1 Physician/Surgeon rate.

Class Y equals 15% of the Class 1 Physician/Surgeon rate.

Class Z equals 25% of the Class 1 Physician/Surgeon rate.

Note any non-Physician Health Care Providers in Classes X, Y, or Z with exposure in the Emergency Room will require the referenced factor times the Class 4 rate.

F. Decreased Limit Factors:

| Limit | All Classes |
|---------|-------------|
| 1M/3M | 1.000 |
| 500/1.0 | .7199 |
| | |
| | |

G. Extended Reporting Period Coverage Factors:

(1) The following represents the tail factors to be applied to the annual expiring discounted premium in the event a policyholder desires to obtain a Reporting Endorsement upon termination or cancellation of the policy:

| <u>Year</u> | <u>Factor</u> |
|-----------------|---------------|
| 1 st | 3.30 |
| 2 nd | 3.15 |
| 3 rd | 2.40 |
| 4 th | 2.00 |

(2) The Reporting Period is unlimited.

H. Shared Limits Modification:

Not available.

I. Policy Writing Minimum Premium:

Physicians & Surgeons - \$1250.

J. Policy Writing Minimum Premium:

Non-Physician Healthcare Providers - \$500

K. Separate Limits for Non-Physician and Surgeon Healthcare Providers Modification:

Class X: 20% of Class 1

Class Y: 25% of Class 1

Class Z: 35% of Class 1

L. Premium Modifications

For individual physicians and surgeons:

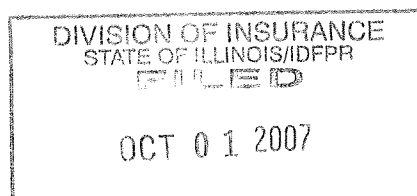
1. Part Time Physicians & Surgeons – 30%
2. Physicians in Training – 1st Year Resident 50%; Resident 40%; Fellow 30%.
3. Locum Tenens – no premium, subject to prior underwriting approval
4. New Physicians & Surgeons – 30% for the first two years of practice
5. Physician Teaching Specialists – Non-surgical 50%; Surgical 40%.
6. Physicians Leave of Absence – full suspension of insurance and premium for up to one year, subject to underwriting approval

M. Claim Free Credit Program

If no claim has been attributed to an Insured, the Insured will be eligible for a premium credit based on the following schedule:

- (i) If claim free for 3 years but less than 5 years, a 5% credit shall be applied at the policy inception date.
- (ii) If claim free for 5 years but less than 8 years, a 10% credit shall be applied at the policy inception date.
- (iii) If claim free for 8 years but less than 10 years, a 15% credit shall be applied at the policy inception date.
- (iv) If claim free for 10 years or more, a credit of 20% shall be applied at the policy inception date.

A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

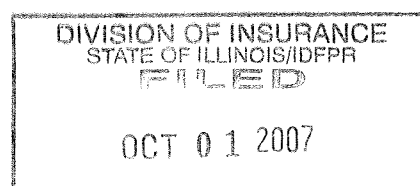


N. Schedule Rating (not to be used in conjunction with Loss Rating)

| | |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Historical Loss Experience +/- 25% | The frequency or severity of claims for the insured(s) is greater/less than the expected experience for an insured(s) of the same classification/size or recognition of unusual circumstances of claims in the loss experience. |
| 2. Cumulative Years of Patient Experience. +/- 10% | The insured(s) demonstrates a stable, longstanding practice and/or significant degree of experience in their current area of medicine. |
| 3. Classification Anomalies. +/- 25% | Characteristics of a particular insured that differentiate the insured from other members of the same class, or recognition of recent developments within a classification or jurisdiction that are anticipated to impact future loss experience. |
| 4. Claim Anomalies +/- 25% | Economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s). |
| 5. Management Control Procedures. +/- 10% | Specific operational activities undertaken by the insured to reduce the frequency and/or severity of claims. |
| 6. Number /Type of Patient Exposures. +/- 10% | Size and/or demographics of the patient population which influences the frequency and/or severity of claims. |
| 7. Organizational Size / Structure. +/- 10% | The organization's size and processes are such that economies of scale are achieved while servicing the insured. |
| g. Medical Standards, Quality & Claim Review. +/- 10% | Presence of (1) committees that meet on a routine basis to review medical procedures, treatments, and protocols and then assist in the integration of such into the practice, (2) Committees that meet to assure the quality of the health care services being rendered and/or (3) Committees to provide consistent review of claims/incidents that have occurred and to develop corrective action. |
| 9. Other Risk Management Practices and Procedures. +/- 10% | Additional activities undertaken with the specific intention of reducing the frequency or severity of claims. |
| 10. Training, Accreditation & Credentialing. +/- 10% | The insured(s) exhibits greater/less than normal participation and support of such activities. |
| 11. Record - Keeping Practices. +/- 10% | Degree to which insured incorporates methods to maintain quality patient records, referrals, and test results. |
| 12. Utilization of Monitoring Equipment, Diagnostic Tests or Procedures +/- 10% | Demonstrating the willingness to expend the time and capital to incorporate the latest advances in medical treatments and equipment into the practice, or failure to meet accepted standards of care. |

Maximum Modification

+ / - 25%



O. Self-Insured Retention Credits for groups, subject to Underwriting

See V.B on Page 11.

P. Experience Rating

Not Available.

Q. Slot Rating for groups, subject to Underwriting

See VI.A on Page 13.

R. Mandatory Quarterly Payment Option.

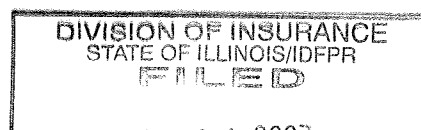
For medical liability insureds whose annual premiums total \$500 or more, the plan must allow the option of quarterly payments.

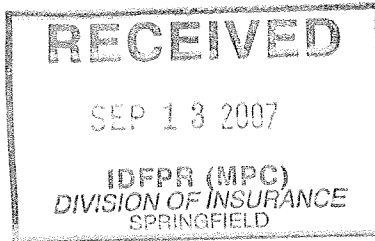
- (v) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- (vi) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- (vii) No interest charges;
- (viii) Installment charges or fees of no more than the lesser of 1% of the total premium or \$25, whichever is less; and
- (ix) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Non-Mandatory Quarterly Payment Option.

- (x) For medical liability insureds whose annual premiums are less than \$500, insurers may, but are not required to, offer quarterly installment , premium payment plans.
- (xi) For insureds who pay a premium for any extension of a reporting period, insurers may, but are not required to, offer quarterly installment, premium payment plans.
- (xii) If an insurer offers any quarterly payments under this subsection, (g) Non-Mandatory Quarterly Payment Options, they must be offered to all medical liability insureds.

Quarterly installment premium payment plans subject to (R) above shall be included in the initial offer of the policy, or in the first policy renewal. Thereafter, the insurer may, but need not, re-offer the payment plan, but if an insured requests the payment plan at a later date, the insurer must make it available.





September 12, 2007

Ms. Gayle Neuman
Property & Casualty Compliance
Illinois Division of Insurance
320 W. Washington St.
4th Floor
Springfield, IL 62767

FEIN # 20-5623491 ✓
FILING # IL-091207-RM

RE: Risk Management Credit Filing

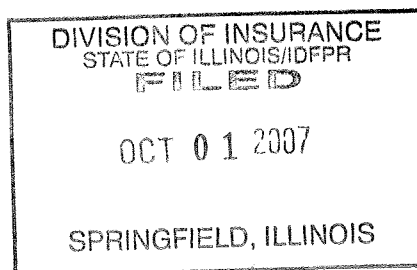
Dear Ms. Neuman:

Please accept this submission on behalf of Medicus Insurance Company as a rate/rule filing for a Risk Management credit for physicians and surgeons medical professional liability insurance in Missouri.

I look forward to your response at your earliest convenience. Should you have any questions, please do not hesitate to contact me.

Regards,

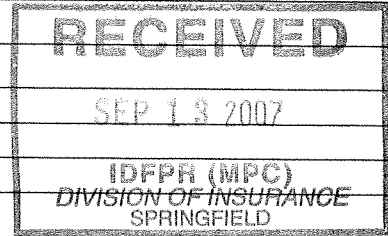
Bruce Arnold
Assistant Vice President



1-0
MEM
RUL
glw
Jeh

Property & Casualty Transmittal Document

| | | |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--|
| 1. Reserved for Insurance Dept. Use Only | 2. Insurance Department Use only | |
| | a. Date the filing is received: | |
| | b. Analyst: | |
| | c. Disposition: | |
| | d. Date of disposition of the filing: | |
| | e. Effective date of filing: | |
| | <div style="display: flex; justify-content: space-between;"> New Business Renewal Business </div> | |
| | f. State Filing #: | |
| | g. SERFF Filing #: | |
| h. Subject Codes | | |



| | | | | | |
|---------------------------|----------------------------------|---------------|---------------|----------------|---------------------|
| 3. Group Name | Medicus Insurance Holdings, Inc. | | | | Group NAIC # |
| 4. Company Name(s) | Domicile | NAIC # | FEIN # | State # | |
| Medicus Insurance Company | Texas | 12754 | 20-5623491 | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| | |
|-----------------------------------|--------------|
| 5. Company Tracking Number | IL-091207-RM |
|-----------------------------------|--------------|

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

| | | | | |
|--------------------------------------------------------------------------------------------------|--------------|---------------------|--------------|------------------------|
| 6. Name and address | Title | Telephone #s | FAX # | e-mail |
| Bruce Arnold, Medicus Insurance, 8500 Shoal Creek Blvd., Building 3, Suite 200, Austin, TX 78757 | AVP | 512-879-5103 | 877-686-0558 | barnold@medicusins.com |
| | | | | |
| 7. Signature of authorized filer | | | | |
| 8. Please print name of authorized filer | Bruce Arnold | | | |

Filing information (see General Instructions for descriptions of these fields)

| | | | | |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------|---------|
| 9. Type of Insurance (TOI) | 05.0 CMP Liability and Non-Liability | | | |
| 10. Sub-Type of Insurance (Sub-TOI) | 05.0000 CMP Sub-TOI Combinations | | | |
| 11. State Specific Product code(s) (if applicable) [See State Specific Requirements] | | | | |
| 12. Company Program Title (Marketing title) | Risk Management Filing-Medical Malpractice | | | |
| 13. Filing Type | <input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description) | | | |
| 14. Effective Date(s) Requested | New: | 10/1/07 | Renewal: | 11/1/07 |
| 15. Reference Filing? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | |
| 16. Reference Organization (if applicable) | | | | |
| 17. Reference Organization # & Title | | | | |
| 18. Company's Date of Filing | 09/12/2007 | | | |

| | | |
|-----|-------------------------------------------------------|--------------|
| 20. | This filing transmittal is part of Company Tracking # | IL-091207-RM |
|-----|-------------------------------------------------------|--------------|

| | |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21. | <p>Filing Description</p> <p>This filing affords 1% credit for each approved CME hour of risk management completed, up to a maximum of 5% credit per year.</p> |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22. | Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below] |
| <div data-bbox="106 1574 252 1643"> <p>Check #:</p> <p>Amount:</p> </div> <div data-bbox="78 1900 1490 1989"> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p> </div> | |

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

STATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

| | | |
|----|-------------------------------------------------------|--------------|
| 1. | This filing transmittal is part of Company Tracking # | IL-091207-RM |
|----|-------------------------------------------------------|--------------|

| | | |
|----|----------------------------------------------------------------------------------------------------------|--|
| 2. | This filing corresponds to form filing number (Company tracking number of form filing, if applicable) | |
|----|----------------------------------------------------------------------------------------------------------|--|

☐ Rate Increase ☒ Rate Decrease ☐ Rate Neutral (0%)

| | | |
|----|-------------------------------------------------------------|--|
| 3. | Filing Method (Prior Approval, File & Use, Flex Band, etc.) | |
|----|-------------------------------------------------------------|--|

| 4a. | Rate Change by Company (As Proposed) | | | | | | |
|---------------------------|----------------------------------------------|-----------------------|-----------------------------------------|----------------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change (where required) | Minimum % Change (where required) |
| Medicus Insurance Company | | New Program | New Program | New Program | New Program | -5% | 0% |
| | | | | | | | |

| 4b. | Rate Change by Company (As Accepted) For State Use Only | | | | | | |
|--------------|---------------------------------------------------------|-----------------------|-----------------------------------------|----------------------------------------------|----------------------------------|------------------|------------------|
| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change | Minimum % Change |
| | | | | | | | |
| | | | | | | | |

| 5. Overall Rate Information (Complete for Multiple Company Filings only) | | | |
|--------------------------------------------------------------------------|-----------------------------------------------------------------|-------------|-----------|
| | | COMPANY USE | STATE USE |
| 5a | Overall percentage rate indication (when applicable) | | |
| 5b | Overall percentage rate impact for this filing | | |
| 5c | Effect of Rate Filing – Written premium change for this program | | |
| 5d | Effect of Rate Filing – Number of policyholders affected | | |

| | | |
|----|-------------------------------------------------------------------------------|--|
| 6. | Overall percentage of last rate revision | |
| 7. | Effective Date of last rate revision | |
| 8. | Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.) | |

| 9. | Rule # or Page # Submitted for Review | Replacement or withdrawn? | Previous state filing number, if required by state |
|----|---------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 01 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |
| 02 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |
| 03 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement | |

Neuman, Gayle

From: Neuman, Gayle
Sent: Thursday, September 13, 2007 1:14 PM
To: 'barnold@medicusins.com'
Subject: Rate/Rule Filing #IL-091207-RM

Mr. Arnold,

We are in receipt of the above referenced filing submitted via your letter dated September 12, 2007. The submission is not acceptable for filing in Illinois due to the following reason(s):

The cover letter indicates "Missouri". Is this suppose to indicate "Illinois"? If yes, you are required to provide the following:

1. 215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.
2. On the RATE/RULE FILING SCHEDULE, it indicates there is a 5% rate decrease. On the "Risk Management Filing Description", you indicate the rate impact cannot be determined at this time. If there is any rate change, a RF-3 Summary Sheet must be completed and provided. Actuarial justification is required in either situation.
3. 50 Ill. Adm. Code 929.30 requires identification of all changes from superseding filings. We request a written statement indicating the only changes made to the filing were disclosed to this Division.
4. On the Property & Casualty Transmittal Document, the TOI is listed as 5.0 Commercial Multiple Peril Liability and Non-Liability. As this appears to address medical malpractice, the correct TOI is 11 and you should clarify the sub-TOI also.

We request receipt of your response by no later than September 26, 2007.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: Gayle.Neuman@illinois.gov

Neuman, Gayle

From: Bruce Arnold [barnold@medicusins.com]
Sent: Wednesday, September 26, 2007 8:21 PM
To: Neuman, Gayle
Subject: Re: Rate/Rule Filing #IL-091207-RM
Attachments: KSS100_20070926_20031984.pdf; ATT3735074.htm

Dear Ms. Neuman:

Attached please find a letter that addresses your questions below, along with a corresponding revised transmittal form.

I will have our Actuary, Richard Roth, sign a statement as you requested in (1) below and send it to you tomorrow.

Please let me know if you have further questions. I look forward to hearing from you.

Regards,

Bruce Arnold
Assistant Vice President
Medicus Insurance Company
8500 Shoal Creek Blvd
Building 3, Suite 200
Austin, TX 78757
512-879-5103 office
512-590-2480 cell



September 26, 2007

Ms. Gayle Neuman
Property & Casualty Compliance
Illinois Division of Insurance
320 W. Washington Street
Fourth Floor
Springfield, IL 62767

RE: Risk Management Credit Filing
Medicus Insurance Company
Rate/Rule Filing #IL-091207-RM

Dear Ms Neuman:

Further to your email dated September 13, 2007, please be advised the reference to Missouri in my letter dated September 12, 2007 was a typo, and was intended to state Illinois. Additionally, please accept the following in response to your questions:

- (1) As an Officer and Secretary of Medicus Insurance Company, I hereby certify that the Company's rates are based on sound actuarial principles and are not inconsistent with the Company's experience.
- (2) The Rate/Rule Filing Schedule does not indicate there is a 5% rate decrease. Rather, it indicates the maximum change, where required, is -5%. Most physicians who apply for this credit, which is a voluntary program, will receive discounts of 0% to 5%, as explained in the Risk Management Filing Description. Few are expected to qualify for a full 5% credit. The overall rate impact of this program is expected to be 0% in the short-term. At some point in 2008, this percentage may begin to increase, depending upon the level of participation of doctors.
- (3) The only changes made to the filing were disclosed to the Illinois Division of Insurance.
- (4) I have corrected the TOI code to 11 to address medical malpractice. I clarified the sub-TOI as well. Attached is a revised transmittal form reflecting those changes.

I look forward to your reply at your earliest convenience. Please let me know if you have any questions.

Regards,

Bruce Arnold
Assistant Vice President


Property & Casualty Transmittal Document

| | | |
|------------------------------------------|---------------------------------------|--|
| 1. Reserved for Insurance Dept. Use Only | 2. Insurance Department Use only | |
| | a. Date the filing is received: | |
| | b. Analyst: | |
| | c. Disposition: | |
| | d. Date of disposition of the filing: | |
| | e. Effective date of filing: | |
| | New Business | |
| | Renewal Business | |
| | f. State Filing #: | |
| g. SERFF Filing #: | | |
| h. Subject Codes | | |

| | | | | | |
|---------------------------|----------------------------------|--------|--------|---------|--------------|
| 3. Group Name | Medicus Insurance Holdings, Inc. | | | | Group NAIC # |
| 4. Company Name(s) | Domicile | NAIC # | FEIN # | State # | |
| Medicus Insurance Company | Texas | 12754 | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| | |
|----------------------------|--------------|
| 5. Company Tracking Number | IL-091207-RM |
|----------------------------|--------------|

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

| 6. | Name and address | Title | Telephone #s | FAX # | e-mail |
|----|--------------------------------------------------------------------------------------------------------------------|-------|--------------|--------------|------------------------|
| | Bruce Arnold, Medicus Insurance, 8500 Shoal Creek Blvd., Building 3, Suite 200, Austin, TX 78757 | AVP | 512-879-5103 | 877-686-0558 | barnold@medicusins.com |
| | | | | | |
| 7. | Signature of authorized filer  | | | | |
| 8. | Please print name of authorized filer | | Bruce Arnold | | |

Filing information (see General Instructions for descriptions of these fields)

| | | |
|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 9. Type of Insurance (TOI) | 11.0 – Medical Malpractice Insurance | |
| 10. Sub-Type of Insurance (Sub-TOI) | 11.0 – Physicians and Surgeons Medical Liability | |
| 11. State Specific Product code(s)(if applicable)[See State Specific Requirements] | | |
| 12. Company Program Title (Marketing title) | Risk Management Filing-Medical Malpractice | |
| 13. Filing Type | <input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description) | |
| 14. Effective Date(s) Requested | New: 10/1/07 | Renewal: 11/1/07 |
| 15. Reference Filing? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 16. Reference Organization (if applicable) | | |
| 17. Reference Organization # & Title | | |
| 18. Company's Date of Filing | 09/12/2007 | |
| 19. Status of filing in domicile | <input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved | |

Property & Casualty Transmittal Document—

| | | |
|------------|--------------------------------------------------------------|---------------------|
| 20. | This filing transmittal is part of Company Tracking # | IL-091207-RM |
|------------|--------------------------------------------------------------|---------------------|

Filing Description**21.**

This filing affords 1% credit for each approved CME hour of risk management completed, up to a maximum of 5% credit per year.

22.**Filing Fees** (Filer must provide check # and fee amount if applicable)

[If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #:**Amount:**

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

Effective March 1, 2007

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

| | | |
|-----------|-----------------------------------------------------------------------------------------------------------------|--------------|
| 1. | This filing transmittal is part of Company Tracking # | IL-091207-RM |
| 2. | This filing corresponds to form filing number (Company tracking number of form filing, if applicable) | |

☐ Rate Increase
 ☒ Rate Decrease
 ☐ Rate Neutral (0%)

| | |
|-----------|------------------------------------------------------------------------|
| 3. | Filing Method (Prior Approval, File & Use, Flex Band, etc.) |
|-----------|------------------------------------------------------------------------|

| 4a. Rate Change by Company (As Proposed) | | | | | | | |
|------------------------------------------|----------------------------------------------|-----------------------|-----------------------------------------|----------------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change (where required) | Minimum % Change (where required) |
| Medicus Insurance Company | | New Program | New Program | New Program | New Program | -5% | 0% |
| | | | | | | | |

| 4b. Rate Change by Company (As Accepted) For State Use Only | | | | | | | |
|-------------------------------------------------------------|----------------------------------------------|-----------------------|-----------------------------------------|----------------------------------------------|----------------------------------|------------------|------------------|
| Company Name | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change | Minimum % Change |
| | | | | | | | |
| | | | | | | | |

| 5. Overall Rate Information (Complete for Multiple Company Filings only) | | | |
|--------------------------------------------------------------------------|-----------------------------------------------------------------|-------------|-----------|
| | | COMPANY USE | STATE USE |
| 5a | Overall percentage rate indication (when applicable) | | |
| 5b | Overall percentage rate impact for this filing | | |
| 5c | Effect of Rate Filing – Written premium change for this program | | |
| 5d | Effect of Rate Filing – Number of policyholders affected | | |

| | | |
|-----------|--------------------------------------------------------------------------------------|--|
| 6. | Overall percentage of last rate revision | |
| 7. | Effective Date of last rate revision | |
| 8. | Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.) | |

| 9. | Rule # or Page # Submitted for Review | Replacement or withdrawn? | Previous state filing number, if required by state |
|----|---------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 01 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |
| 02 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |
| 03 | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | |

Neuman, Gayle

From: Bruce Arnold [barnold@medicusins.com]
Sent: Thursday, September 27, 2007 11:15 AM
To: Neuman, Gayle
Subject: Fwd: Rate/Rule Filing #IL-091207-RM
Attachments: Illinois Rate filing Letter 9-27-07.pdf; ATT3784545.htm

Dear Ms. Neuman:

As you requested, attached please find the letter from our Actuary regarding the captioned filing.

Should you have any questions, please let me know.

Regards,

Bruce Arnold
Assistant Vice President
Medicus Insurance Company
8500 Shoal Creek Blvd
Building 3, Suite 200
Austin, TX 78757
512-879-5103 office
512-590-2480 cell

Richard J. Roth, Jr.
Consulting Casualty Actuary

Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries

Bickerstaff, Whatley, Ryan & Burkhalter, Inc.
8821 Baywood Drive
Huntington Beach, California 92646

Phone: 714-964-7814
Fax: 714-964-2896
E-mail: rothjr@ix.netcom.com
Web site: www.bickwhat.com

September 27, 2007

Ms Gayle Neuman
Property & Casualty Compliance
Illinois Division of Insurance
320 West Washington Street
Springfield, IL 62767

Re: Rate filing for Medicus Insurance Company (medical malpractice)

Dear Ms Neuman:

On January 17, 2007, March 12, 2007, and March 21, 2007, I wrote Opinion Letters in connection with the filing of medical malpractice rates for the Medicus Insurance Company. These letters related to the original filing and subsequent rate changes. These letters confirmed that in my opinion, the rates being submitted are not excessive, inadequate, nor unfairly discriminatory per 215 ILCS 5/155.18.

Medicus is now submitting another amendment to the rates in Illinois. This change gives a "1% credit for each approved CME hour of risk management completed, up to a maximum of 5% credit per year." This change is quite reasonable and common, and it is widely accepted that risk management courses will reduce the claims. Therefore, in my opinion, the rates being submitted are not excessive, inadequate, nor unfairly discriminatory per 215 ILCS 5/155.18.

All of the comments that I made in the previous letters apply here as well.

In the future, rate changes will be filed based on the experience of Medicus, to the extent that the experience is credible.

Sincerely,

Richard J. Roth Jr.

Richard J. Roth Jr.
Bickerstaff, Whatley, Ryan & Burkhalter

Medicus Insurance Company
Risk Management Filing Description
September 12, 2007

I. General

- (a) Our company currently offers the MedRisk selection of risk management courses. Additionally, the initial risk management system will consist of printed materials both general in nature as well as specific targeting high-risk areas such as the emergency room. These will ultimately be adapted for Internet access and response. Each printed piece will include a series of questions over the material which the participant must mail back to obtain credit for the activity.
- (b) Programs are available to all policyholders.
- (c) It is not usual that participation is mandatory, but it is possible, should circumstances warrant.
- (d) 1% credit for each Company approved CME hour of risk management completed, up to a maximum of 5% credit per year, or attendance at a Company approved seminar.

II. How Effectiveness of Program is Monitored

As claims or complaints occur, the physicians' history of risk management participation and the incident or pivotal event precipitating the claims will be analyzed. The incident/claim will be correlated with existing risk management materials and if not addressed will be incorporated into revised editions.

The number of insureds with claims will be divided into those who have participated in risk management activities and those who have not. Specialties will be looked at individually with respect to claims frequency.

Risk management activities and content will be modified as dictated by this process.

III. Rate Impact

As this is a new program, the rate impact cannot be determined at this time.

Loss Control Presentation Outline

A. General

Medicus Provides Risk Management Resources to insureds periodically and on request.

Charles W. Bailey, Jr., M.D., J.D., Vice President of Medical Relations, is the company's Loss Control Representative.

Availability of current and new resources will be supplied to insureds electronically or by mail.

Risk exposure and loss experiences of policyholders will be based on specialty as well as individual loss history. This will be modified appropriately as claims arise.

Loss Control information offered periodically to insureds electronically or by mail will be logged for future reference.

Services or information supplied to specific policyholders will be documented in their individual files.

A policyholder may be required to participate in loss control activities on a scheduled basis based on incidents, claims and/or recommendation of our independent claims management organization (Western Litigation).

B. Field Representatives Consultants

Until the company insures larger numbers, the Loss Control representative will fill this role.

C. Consultations-

We are evaluating entities to contract with to fill this role.

Consultations will be available on request by the insureds with respect to specific areas of risk.

Mandatory consultation may be "triggered" by a claim or claims, incident, or Medical Board action.

Consultations may be provided based solely on the large size of a group.

Information reviewed prior to mandatory consultation will be patient allegations/complaint, medical records, board actions, and observations of independent claims management organization.

The need for and frequency of follow-up consultations will be dictated by the findings and impressions resulting from the initial consult and the advice of legal counsel (Western Litigation).

Consultation results will be presented in the appropriate form, i.e. findings and/or recommendations. Such report shall be placed in the insured's file.

Loss Control Activities Benefits

Voluntary participation may result in premium discounts.

Mandatory consultations and conformity to recommendations may avoid surcharges or non-renewal.

D. Recommendations will be made where appropriate as a result of both requested and mandatory consults. They will be prioritized as to importance.

Follow-up consults will be held to assess compliance where indicated.

E. Initially Risk Management materials will be written presentations by mail or electronically provided. We will contract with an outside firm to supply materials on the internet. Online and mail out DVD's may be used as well.

As insureds increase in number, live presentations will be held in geographic areas where there are adequate concentrations of insureds.

F. Accident/Claim Analysis

Purpose: Identify previously unrecognized risks/confirm known risks/ assess frequency.

Periodic meetings of claims personnel, loss control personnel and counsel from independent claims management organization will be held to facilitate analysis and determine appropriate actions and/or educational activities.

These meetings will be initiated as the number of claims occur and sufficient information for review becomes available.

The results of these analyses will be used prospectively by underwriting as they consider new applications. The form in which these results will be communicated to the policyholder will be determined on an individual basis by company legal counsel (claims management organization).



MEDICUS

August 15, 2007

CONFIDENTIAL

FOR USE ONLY BY
MEDICUS
AND
MEDICAL RISK MANAGEMENT, INC.

CONFIDENTIAL BETWEEN
MEDICUS
AND
MEDICAL RISK MANAGEMENT, INC.

Medicus

OVERVIEW

Medical Risk Management, Inc. is pleased to work with Medicus to bring its risk management/patient safety education to Medicus' insureds.

COURSES

Medicus is interested in offering its insureds a selection of all MedRisk courses as listed below.

ONLINE DELIVERY

The primary mode of delivery of these courses will be online.

- a. MedRisk will create a channel on its server for Medicus that can be personalized to mimic the look and feel of Medicus' website for a fee. Medicus may have a welcome page with a message that participants read before they are directed to a standard course selection page that mimics the look and feel of the Medicus site.
- b. Participants will be directed to the above web page from a link on the Medicus website, where they will choose a course from that page, register and be given instant access using forms that do not require payment.

HARDCOPY ALTERNATIVE

Some doctors will need a hardcopy alternative to online education. A small number of physicians simply cannot complete an online course. If that is the case, Medical Risk Management, Inc. will send a Medicus doctor a hardcopy version for the additional cost of \$20.00, payable by the physician to Medical Risk Management, Inc.

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AND
MEDICAL RISK MANAGEMENT, INC.

CME CREDIT

CME Information

Medical Risk Management, Inc. is accredited by the Accreditation Council for Continuing Medical Education (ACCME) to sponsor continuing education for physicians. Physicians who satisfactorily complete the self-study courses will earn the designated number of AMA PRA Category 1 CME™ credits. These activities were planned and produced in accordance with the ACCME Guidelines and Standards for Enduring Materials.

Nursing CE Information

Medical Risk Management's co-provider, CorExcel, is accredited as a provider of nursing continuing education by the American Nurses Credentialing Center's Commission on Accreditation.

CUSTOMER SERVICE

Medical Risk Management, Inc. prides itself in the customer service provided to each of their clients. Our services include the following:

1. *MedRisk Administrator Site* access which includes:
 - a. The ability to look up insureds' demographic information including email addresses.
 - b. The capability to change username and passwords.
 - c. The ability to look up insureds to see enrollment and completion status.
 - d. The ability to look up insureds and print certificates of completion.
 - e. Access to enrollment and completion reports, current activity and historical data.
2. Immediate electronic notifications of online enrollments to a designated contact if requested and at no extra charge.
3. On request and at no extra charge, a weekly list of online registrations provided in an Excel spreadsheet to a designated contact
4. On request and at no extra charge, instant notification of successful online completions to a designated contact.
5. On request and at no extra charge, a weekly cumulative list of successful online completions in an Excel spreadsheet to a designated contact.
6. Each participant is given three attempts for successful online completion of their program. A score of 80 percent or higher is required to successful completion. They will have instant access to the program if additional attempts are needed.

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AND
MEDICAL RISK MANAGEMENT, INC.

7. Online assistance during our normal online business hours (Monday – Friday, 7:00 am – 5:00 pm CST). Limited online assistance is available evenings, weekends and holidays.
8. Participants may log in at any time to review their course history or print their certificates of completion.